

9916  
RECEIVED  
LEGISLATIVE AUDITOR  
2008 FEB 27 AM 10:31

**FINANCIAL STATEMENTS AND AUDITOR'S REPORT**

**FRIEND'S OF NORD, INC.**

**For the year ended December 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/19/08

**ERNEST J. FOLSE III**  
**CERTIFIED PUBLIC ACCOUNTANT**

## CONTENTS

Auditor's Report.....	2
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Cash Flows.....	6
Statement of Functional Expenses UPARR .....	7
Notes to Financial Statements .....	8

### OTHER

Schedule of Governmental Financial Assistance.....	11
Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards.....	12
Schedule of Findings and Questioned Cost.....	14

# ERNEST J. FOLSE III, C.P.A.

A PROFESSIONAL ACCOUNTING CORPORATION

## CERTIFIED PUBLIC ACCOUNTANT

### INDEPENDENT AUDITOR'S REPORT

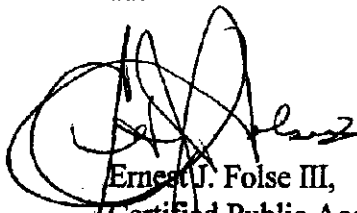
To the Board of Trustees of  
Friend's of NORD, Inc.

I have audited the accompanying statements of financial position of Friend's of NORD, Inc. (a nonprofit organization) as of December 31, 2005 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require I perform the audit to obtain reasonable assurance about whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friend's of NORD, Inc. as of December 31, 2005 and its changes in net assets for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my reports dated December 26, 2007 in my consideration of Friend's of NORD internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.



Ernest J. Folse III,  
Certified Public Accountant  
December 26, 2007

**FRIEND'S OF NORD, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**ASSETS**

Current Cash	<u>\$875,061</u>
 Total Assets	 <u><u>\$875,061</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities (All Current)	
Accounts Payable	\$491
Payroll Taxes Payable	13,147
 Total Liabilities	 <u>13,638</u>
 <u>Net Assets</u>	
Unrestricted	884,341
Temporarily Restricted	<u>(22,918)</u>
 Total Net Assets	 <u>861,423</u>
 Total Liabilities and Net Assets	 <u><u>\$875,061</u></u>

The accompanying notes are an integral part of these financial statements.

**FRIEND'S OF NORD, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>SUPPORT AND REVENUES</u>	Unrestricted	Temporarily Restricted	Total
Current Year Award			
Grant/contract support	\$89,955	\$206,318	\$296,273
Contributions	121,753	-----	121,753
Fundraisings	4,884	-----	4,884
Interest income	11,592	-----	11,592
Other income	30,254	-----	30,254
Contributed Services:			
Accounting	3,675	-----	3,675
Legal	0	-----	0
Surveying	0	-----	0
Net assets released from restrictions			
Satisfaction of purpose restrictions	-----	(192,814)	(192,814)
Total support and revenue	<u>262,113</u>	<u>13,504</u>	<u>275,617</u>
 <b>EXPENSES</b>			
Programs:			
Project Playground	172	-----	172
Partnerships In Recreation	94,228	-----	94,228
Total program expenses	<u>94,400</u>	-----	<u>94,400</u>
Administrative Expenses	158,007	-----	158,007
Contributed Services:			
Accounting	3,675	-----	3,675
Legal	0	-----	0
Surveying	0	-----	0
Total expenses	<u>256,082</u>	<u>-----</u>	<u>256,082</u>
 Increase (Decrease) In Net Assets	6,031	13,504	19,535
 Net Assets, December 31, 2004	<u>(28,949)</u>	<u>870,837</u>	<u>841,888</u>
Net Assets, December 31, 2005	<u>(\$22,918)</u>	<u>\$884,341</u>	<u>\$861,423</u>

The accompanying notes are an integral part of these financial statements.

**FRIEND'S OF NORD, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>Cash Flows From Operating Activities:</u>	<u>Total</u>
Change in Net Assets	\$19,535
Adjustment to Reconcile Change in Net Assets to Net Cash Used for Operating Activities:	
Decrease in Grants Receivable	
Increase in Accounts Payable	491
Increase in Payroll Taxes Payable	<u>3,263</u>
Net Cash from Operations	<u>23,289</u>
 <u>Cash Flows From Investing Activities:</u>	
Net Cash Used By Investing Activities	<u>0</u>
 <u>Cash Flows From Financing Activities:</u>	
Net Cash Used By Financing Activities	<u>0</u>
Net Increase in Cash	23,289
Cash and Cash Equivalents, December 31, 2004	<u>851,772</u>
Cash and Cash Equivalents, December 31, 2005	<u><u>\$875,061</u></u>

The accompanying notes are an integral part of these financial statements.

**URBAN PARK AND RECREATION RECOVERY PROGRAM (UPARR)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**PROGRAM SERVICES**

	<u>LeMANN PLAYGROUND</u>	<u>SORAPARU PLAYGROUND</u>	<u>Totals</u>
<b>EXPENSES:</b>			
Recording Fees	\$84	\$0	\$84
Design Fees	2,663	912	3,575
Playground Equipment	<u>119,536</u>	<u>69,620</u>	<u>189,155</u>
Total Expenses	<u>\$122,283</u>	<u>\$70,531</u>	<u>\$192,814</u>

The accompanying notes are an integral part of these financial statements.

**FRIENDS OF NORD, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2005**

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**1. Organization**

Friends of NORD, Inc. is a nonprofit corporation organized under the laws of the State of Louisiana. The mission statement of the corporation is to raise funds and foster public participation for the revitalization of New Orleans's treasured neighborhood playgrounds and to provide funding for after-school educational recreation programs. The corporation's support comes from individuals, corporate donations, foundation grants and city, state and federal funding sources.

**2. Basis of Accounting**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. They are presented on the accrual basis of accounting.

**3. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**4. Cash Equivalents**

The Corporation considers all demand deposits and short-term investments with an original maturity of three months or less to be cash equivalents.



**FRIENDS OF NORD, Inc.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2005**

**5. Financial Statement Presentation**

In 1995 the Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a Statement of Cash Flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present three classes of net assets required.

**6. Public Support and Revenue**

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donor assets. When a donor restriction expires that is when a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net asset and reported in the statement of activities as net assets released from retractions. Pledges and other unrestricted income are included in unrestricted net assets.

**NOTE B - INCOME TAXES**

The Corporation is a not-for-profit organization that is exempt from corporate income taxes under Section 501 ( c )(3) of the Internal Revenue Code.

**NOTE C - ADMINISTRATIVE SUPPORT (CONTRIBUTED SERVICES)**

The Corporation received administrative support for the period of this audit in the form of contributed services for legal and accounting services. No compensation was paid for these services. The support is reflected in the financial statements and is valued at the contributors stated billing rates.

**FRIENDS OF NORD, Inc.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2005**

**NOTE D - BOARD OF DIRECTORS COMPENSATION**

The Board of Directors is a voluntary board; therefore, no compensation was paid to any Board Member during the period from inception through December 31, 2005.

**NOTE E - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods:

Specific grant programs	<u>\$206,318</u>
Total temporarily restricted net assets	<u>\$206,318</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows:

Purpose restriction accomplished:	
UPARR	<u>\$ 192,814</u>
Total	<u>\$ 192,814</u>

**FRIEND'S OF NORD, INC.**  
**SCHEDULE OF GOVERNMENTAL FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>GRANTOR</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL REVENUES</u>	<u>FEDERAL EXPENSES</u>
<b><u>MAJOR</u></b>				
Urban Park and Recreation Recovery (UPARR) Program				
Pass Through City of New Orleans UPARR (From 04/01/04 through 03/31/05)	15.919	22CTY-1690-0101	94,205	137,922
CDBG Funds / UPARR Match	N/A	N/A	103,472	54,892
Total Governmental Financial Assistance			<u>\$197,677</u>	<u>\$192,814</u>

Note: The accompanying schedule of expenditures of governmental financial assistance is prepared on the accrual basis of accounting.

N/A - Not Available

The accompanying notes are an integral part of these financial statements.

# ERNEST J. FOLSE III, C.P.A.

A PROFESSIONAL ACCOUNTING CORPORATION

## CERTIFIED PUBLIC ACCOUNTANT

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

---

To the Board of Trustees of  
Friends of NORD, Inc.

I have audited the financial statements of **Friends of NORD, Inc.** (a nonprofit corporation) as of and for the year ended December 31, 2005, and have issued my report thereon dated December 26, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing my audit, I considered **Friends of NORD, Inc.** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

#### Compliance

As part of obtaining reasonable assurance about whether **Friends of NORD, Inc.** financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and

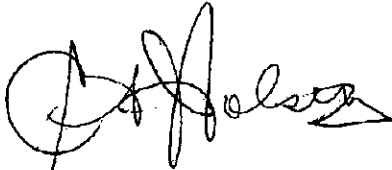
**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

---

(CONTINUED)

which is described in the accompanying schedule of findings and questioned cost as item #1.  
However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the audit committee, management,  
others within the organization and federal awarding agencies and pass-through entities and is not  
intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'E. Folse III', with a large, stylized initial 'E'.

Ernest J. Folse III, CPA  
New Orleans, LA  
December 26, 2007

**Friend's of NORD, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2005**

**Section I – Summary of Auditor's Results**

**Financial Statements**

An unqualified opinion was issued on the financial statements of the auditee.

**Internal control over financial reporting:**

Material weakness(es) identified?                    ☐ yes ☒ no

Reportable condition(s) identified  
not considered to be material weaknesses?                    ☐ yes ☒ none reported

Noncompliance material to financial statements noted?                    ☐ yes ☒ no

**State Awards**

**Internal Control over state programs:**

Material weakness(es) identified?                    ☐ yes ☒ no

Reportable condition(s) identified  
not considered to be material weakness(es)?                    ☒ yes ☐ no

**Friend's of NORD, Inc.**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2005**

**FINDINGS #1: CURRENT YEAR AUDIT NOT ENGAGED TIMELY**

**QUESTIONED COSTS:\$0**

**CONDITION:** Friend's of NORD, Inc. did not engage their required annual audit in a timely manner. Urban Park and Recreation Recovery Program and CDBG Funds require audits be performed no later than six months after the close of the agency's fiscal year-end.

**EFFECT OF CONDITION:** The effect of this condition is the organization's noncompliance with the requirements of the Urban Park and Recreation Recovery Program and CDBG.

**CRITERIA:** Urban Park and Recreation Recovery Program and CDBG require audits be performed no later than six months after the close of the agency's fiscal year-end.

**RECOMMENDATION:** I recommend that Friend's of NORD, Inc. engage their audit on a timely basis.

**FRIENDS OF NORD**  
2721 St. Charles Avenue  
New Orleans, Louisiana 70130  
Telephone: 504-909-1990

February 2, 2008

Mr. Steve Theriot  
Louisiana Legislative Auditor  
1600 North 3<sup>rd</sup> Street  
Baton Rouge, Louisiana 70802

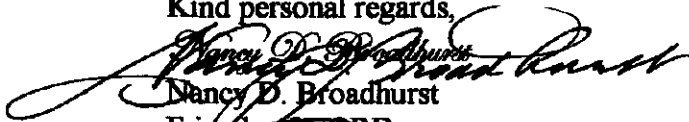
Dear Mr. Theriot

Enclosed are Audit reports for 2005 and 2006 for Friends of New Orleans Recreation Department (NORD). Please be advised that these reports were delayed in their filing due to the fact that after Hurricane Katrina our office building was not accessible for a long period of time, and it was impossible in order for our organization to retrieve the necessary documents needed to file our reports in a timely manner.

Further, our organization lost its staff member who handle the accounting for the organization thus, an extension was properly filed by the Friends of NORD with your office.

Thank you for your patience and understanding regarding this matter.

Kind personal regards,

  
Nancy D. Broadhurst  
Friends of NORD

cc: Friends of NORD Executive Committee